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IN THE

Supreme Court of the United States

OCTOBER TERM, 1935.

No. 356.

WINE RAILWAY APPLIANCE COMPANY, *Petitioner*

v.

ENTERPRISE RAILWAY EQUIPMENT COMPANY, *Respondent*

On Certiorari to the United States Circuit Court of Appeals for the Sixth Circuit.

BRIEF FOR PETITIONER.

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On Certiorari to the United States Circuit Court of Appeals for the Sixth Circuit.

BRIEF FOR PETITIONER.

This case is before this Court on writ of Certiorari to the United States Circuit Court of Appeals for the Sixth Circuit.

OPINIONS BELOW.

The opinion (not reported) of the District Court of the United States for the Northern District of Ohio, Western Division, on the question here involved, appears at pages 167 to 169 of the record; and the opinion of the United States Circuit Court of Appeals for the Sixth Circuit (R.

226) is reported in 77 F. (2d) 159. The report of the Master on the accounting, which was confirmed by the District Court, appears at pages 14 to 23 of the record.

The opinions on the validity and infringement of the patent in suit, which preceded the accounting proceedings in which the interpretation of Section 4900 R. S. was brought into question, are:

The opinion of the District Court of the United States for the Northern District of Ohio, Western Division, not reported; and the opinion of the Circuit Court of Appeals for the Sixth Circuit on appeal from the decree of the District Court dismissing petitioner's counterclaim (R. 2), reported in 25 F. (2d) 236.

JURISDICTION.

The jurisdiction of this Court rests on Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925; U. S. C. Title 28, Section 347 (a). The decree below was entered on May 14, 1935 (R. 225). A petition for certiorari, filed on August 12, 1935, was granted on October 14, 1935 (R. 230).

STATEMENT OF THE CASE.

The pertinent facts involved are summarized as follows:

(a) Neither the petitioner nor anyone else with its consent manufactured or vended under the patent in suit.

(b) No actual notice of the patent was given to respondent by petitioner prior to the filing of its suit for infringement (the filing of its counterclaim).

(c) The accounting period was divided into two parts, (1) for infringement committed after actual notice of the patent (date of filing counterclaim by petitioner) for which there was an award of the entire profits, and (2) for infringement committed prior

to the actual notice to respondent for which a recovery of profits and damages was denied.

The facts are:

The petitioner is a corporation organized under the laws of Ohio; the respondent is a corporation organized under the laws of Illinois. In 1922, the respondent instituted a suit against the petitioner for infringement of Letters Patent; and on April 25, 1923, the petitioner filed a counterclaim for an injunction and damages for the infringement by respondent of several United States Letters Patent owned by petitioner, among them patent No. 1,434,953, to Byers W. Kadel, Door Mechanism for Railway Cars, dated November 7, 1922 (R. 67). From a decree of the District Court dismissing both the bill and counterclaim, the petitioner alone appealed. The Circuit Court of Appeals for the Sixth Circuit reversed the lower court in respect to claim 2 of petitioner's patent No. 1,434,953, and held it to be valid and infringed; 25 F. (2d) 236 (R. 2). Claim 3 of such patent, held invalid, was disclaimed by petitioner.

An accounting was had. On June 17, 1932, the Master filed his report (R. 14), finding that the petitioner was entitled to recover the sum of $18,003.63 as a result of the infringement, the same representing the profits made by the respondent, and the damages accruing to the petitioner before as well as subsequent to the filing of the counterclaim, and including interest from the date of the Master's report, together with costs.

On June 15, 1933, a decree was entered by the District Court (R. 169) confirming the report of the Master.

Proceedings Before Master: Before the Master the respondent filed two statements of account, one (R. 10) beginning November 7, 1922, the date of issue of the Kadel patent No. 1,434,953, and another (R. 12) beginning April 25, 1923, the date of filing of the counterclaim by petitioner and the respondent contended before the Master and the District

Court that, under the provisions of Section 4900 R. S., it should account only for profits and damages accruing after the filing of the counterclaim, there having been no previous notice to respondent of the patent and the infringement thereof. The Master and the District Court (R. 21, 22, 168 and 173) held that Section 4900 R. S. did not apply to this case, because, as the proofs show and the Master found (R. 23), no articles were ever manufactured, used or sold under patent No. 1,434,953.

Appellate Proceedings: On September 13, 1933, the respondent appealed from the decree of the District Court confirming the report of the Master (R. 176). On the appeal, the Circuit Court of Appeals held (R. 226; 77 F. (2d) 159, 161) that Section 4900 R. S. "requires the patentee or his assignee who does not make or vend the (patented) article to give notice of the patent (to an infringer) and limits the recovery for infringement thereof to damages sustained thereafter" (R. 227); and the decree of the District Court was reversed in this respect and in respect to the disallowance of a deduction for income taxes paid by respondent on the account, and "the case remanded for the entry of a decree in an amount representing the profits derived by the appellant (respondent)" from infringements committed "after notice was given (to respondent) by the filing of the counterclaim, less the income taxes paid by the appellant (respondent) thereon" (R. 228). The decree remanding the cause in accordance with this opinion was entered May 14, 1935 (R. 225).

SPECIFICATION OF ERRORS.

(1) The Circuit Court of Appeals for the Sixth Circuit erred in finding and holding that, there having been no making or vending of any article under the petitioner's patent, section 4900 R. S. precludes the recovery by petitioner of profits accruing from infringement committed prior to the

giving to respondent of actual notice of the patent and its infringement.

(2) The said Court erred in reversing and in not affirming the decree of the District Court awarding to petitioner the profits made by respondent by reason of its infringement during the period prior to the date of actual notice to respondent charging infringement of the patent in suit.

QUESTION PRESENTED.

The question presented by the decision of the Circuit Court of Appeals is:

Whether, as a condition precedent to the recovery of any damages for infringement, Section 4900 R. S. when properly interpreted imposes on a patentee (or patent owner) who has never made or vended the patented article the same onus of giving an infringer actual notice of the patent infringed and the infringement thereof that it places upon a patentee (or patent owner) who has actually made or vended the patented article but who has failed to properly mark the same with the required patent notice.

STATUTE INVOLVED.

The statute involved is Section 4900 of the Revised Statutes and is as follows:

> "It shall be the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word 'patented,' together with the day and year the patent was granted; or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice; and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice to make, use or vend the article so patented."[1]

SUMMARY OF ARGUMENT.

Point I.

Section 4900 R. S. merely requires that, when a patented article IS made or vended, the public be notified that such article is "patented" by fixing the prescribed notice on the article or displaying it on a label fixed to the article; and it imposes a penalty upon the party who is charged with the duty of giving such notice and who fails to perform that duty.

(a) The portions of the statute which set forth the nature of the notice prescribed to be given to the public and the manner of giving it are clear, and its penalty clause also is clear.

(b) The only rational meaning of the statute is that it is intended only to apply to a patented article which **has** been made or vended. The words **"the same"** and the word **"thereon"**, which appear in the portion of the statute reading "to give sufficient notice to the public that the **same** is patented; either by fixing **thereon** the word 'patented'," have no antecedent and are meaningless, and the statute is unintelligible, unless such words are understood as applying only to a tangible patented article. It would be absurd to say that the words "same" and "thereon" refer to the noun "patentees".

(c) The statute provides for two notices, one to the **public** and the other to an **infringer.** The notice to the **public,** since it is required to be given by "marking" a tan-

[1] This is the form of Section 4900 R. S. as it was at the time this suit was instituted and at the time the counterclaim was filed. It has since been amended by the Act of February 7, 1927 (44 Stat. L. 1058) to provide that the marking of the patented article shall be by patent number rather than by the date of issue of the patent. Thus amended it is Title 35, Section 49, U. S. Code.

gible patented article, can only be given by a manufacturing patentee. The necessity of giving actual notice to an **infringer** is dependent upon the **failure** to mark an article which **has** been made, that is to say, the necessity of giving it arises only upon a **failure** to notify the **public** that a patented article which **has** been made or vended is patented.

Point II.

The purpose of Section 4900 R. S. is to prevent an unwitting infringement by a member of the public who, seeing an article bearing no mark indicating that it is patented, proceeds to make other specimens of it.

(a) It is not necessary to manufacture a patented article and mark it "patented" in order to give notice to the public of the issue and existence of the patent for the article.

The public is notified of the existence and contents of all patents by virtue of their issuance and recordation in the Patent Office.

Point III.

It can not properly be said that the statutory duty to mark a patented article necessarily implies a duty to MANUFACTURE the article. Section 4900 R. S. therefore has no application to a patentee who does not manufacture.

(a) By the fair and natural meaning of its words, the statute imposes no duty to **manufacture** a patented article; nor does it impose any penalty for failure to **manufacture.**

(b) In dealing with patents the policy of Congress has been **not to require** patentees to **manufacture** under their patents. It would be inconsistent with that policy to interpret Section 4900 R. S. in a way placing upon a patentee the duty of **manufacturing** a patented article in order that he might mark it and thus preserve his right to recover

damages accruing before discovery of the infringement and notification of the infringer.

(c) The right to recover damages for infringement is given by Sections 4919 and 4921 of the Revised Statutes. Being in derogation of that right, Section 4900 R. S. should be strictly construed; and the phrase "failing so to mark", appearing in its penalty clause, should not be interpreted as if it read "failing so to **manufacture** and mark."

(d) Many patentees cannot lawfully manufacture articles patented to them without first obtaining a license under some patent owned by another. Therefore if Section 4900 R. S. applies to patentees failing to **manufacture** and mark, many patentees will be deprived of the right to recover any damages except such as accrue after the infringer has been discovered and notified, unless they themselves manufacture the articles patented to them in disregard of the patents of other patentees.

(e) To interpret Section 4900 R. S. as limiting the damages for infringement recoverable by a non-manufacturing patentee solely to those accruing after the infringer has been actually notified of the patent and his infringement, would encourage and place a premium upon infringement. Such an interpretation would permit patents to be infringed with impunity and without any danger of accounting for infringing articles made, used or sold prior to actual notice.

Point IV.

A comparison of the language of Section 4900 R. S. with the language of Section 13 of the Patent Act of 1861, antecedently in force, indicates that the two statutes are identical in purpose and meaning.

Point V.

The legislative history of Section 4900 R. S. shows that Congress intended the antecedently existing law to remain unchanged in substance, and, therefore, did not intend the statute to apply to patentees who did not make or vend a patented article.

(a) Section 38 of the Consolidated Patent Act of July 8, 1870 became Section 4900 R. S. The report to Congress of the chairman of the committee on patents on the bill for consolidating the patent laws shows that in enacting Section 38 of that bill (which was a step in the general revision of the laws) it was the intention of Congress not to change the substantive law on the "marking" of patented articles then in force by virtue of Section 13 of the Act of March 2, 1861.

(b) The intention not to change the law also appears from the form in which Section 38 was printed in the bill as introduced, no words therein being enclosed in [brackets] and none being printed in italics, the [brackets] being employed in the bill to show proposed amendments of omission, and the italics being used for indicating proposed amendments of addition.

(c) The intention of Congress not to change the law as embodied in Section 13 of the Patent Act of 1861 is further indicated by the fact that Section 38 of the Act of 1870 referred by a marginal side-note to Section 13 of the Act of 1861, and also cited in the side-note decisions under Section 13.

Point VI.

The decision of the Court below is in apparent conflict with the interpretation placed on Section 4900 R. S. by this Court; and the decided cases exhibit a diversity of opinion respecting the interpretation to be given the statute.

(a) This Court has said, in *Dunlap* v. *Schofield,* 152 U. S. 244, at pages 247-248 that the statute clearly means that a patentee, "*if he makes or sells the article patented*", can not recover damages when he has failed to mark the article "patented", unless he has given notice to the infringer.

Point VII.

The findings of the District Court were proper with respect to allowance of total profit and refusal to allow overhead deduction.

ARGUMENT.

Introduction to Argument.

The right to recover damages for infringement of a patent is given by Sections 4919 and 4921 of the Revised Statutes (35 U. S. C. 67, 70). The only limitation imposed by these sections with respect to the period of recovery is stated in Section 4921, as follows:

> "but in any suit or action brought for the infringement of any patent there shall be no recovery of profits or damages for any infringement committed more than six years before the filing of the bill of complaint or the issuing of the writ in such suit or action, and this provision shall apply to existing causes of action."

The period for which petitioner seeks recovery is well within this six year period of limitation (being in fact only for a period of approximately six months immediately preceding the filing of the counterclaim), so that the Court of Appeals for the Sixth Circuit in denying any recovery for this period must find justification for its action in Section 4900 R. S. under consideration.

After stating that: "There is a diversity of opinion as to whether this statute applies to a suit for damages for infringement of a patent for a device which has never been

made or sold by the patentee or its licensees", and citing cases, the Court of Appeals concludes (77 F. (2d) 159, 160):

> "Viewing it in the light of the statute it succeeded, it seems to us to limit the remedy of a nonuser patentee who has not given notice of infringement to an injunction. The earlier statute provided 'that in all cases where an article is made or vended by any person under the protection of letters-patent, it shall be the duty of such person to give sufficient notice to the public that said article is so patented, * * *.' Act March 2, 1861, § 13, 12 Stat. 249. That statute required any person making or vending an article under the protection of letters patent to give the notice, whereas the present one requires that notice be given by all patentees and their assigns and legal representatives, and also by all persons making or vending the patented article. Thus under the earlier statute a patentee who did not make or vend the article was not required to give the notice, but under the present statute the patentee, his assigns and legal representatives, must give it, whether they do or do not make or vend the article. This is the only difference between the two statutes, and in our opinion the amendment to the old statute as embodied in the new requires the patentee or his assignee who does not make or vend the article to give notice of the patent and limits the recovery for infringement thereof to damages sustained thereafter. As no notice was given in this case until the date of the filing of the counterclaim, the period of accounting began on that date."

Thus, the decision of the Court of Appeals for the Sixth Circuit is based wholly on the proposition that Section 13 of the Act of March 2, 1861, did *not* apply to a "nonuser patentee", whereas Section 4900 *does*. We shall subsequently show, by comparison of the two sections, that they do not differ at all in substance, and we shall also show, by giving the legislative history of Section 4900, that Congress did not intend any change in the substantive law. The change noted by the Court was one of *language* only, and has no bearing on the question now before this Court.

This Court, in speaking of Section 4900 R. S. in *Dunlap* v. *Schofield*, 152 U. S. 244, 247, 248, stated:

> "The *clear meaning* of this section is that the patentee or his assignee, *if he makes or sells the article patented*, cannot recover damages against infringers of the patent, unless he has given notice of his right, either to the whole public by marking his article 'patented,' or to the particular defendants by informing them of his patent and of their infringement of it." (Emphasis ours)

The court below suggests (77 F. (2d) at page 160) that the decision in *Dunlap* v. *Schofield* does not determine the question "because it there appeared that the plaintiff made and sold the patented design", but in any event it is apparent from the above quotation that this Court had arrived at a clear understanding of the meaning of Section 4900.

Point I.

Section 4900 R. S. merely requires that, when a patented article is made or vended, the public be notified that such article is "patented" by fixing the prescribed notice on the article or displaying it on a label fixed to the article; and it imposes a penalty upon the party who is charged with the duty of giving such notice and who fails to perform that duty.

(a) The portions of the statute which set forth the nature of the notice prescribed to be given to the public and the manner of giving it are clear, and its penalty clause also is clear.

Section 4900 R. S., as in force in 1922, reads as follows:

> "It shall be the duty of all patentees, and their assigns and legal representatives, and of all persons *making or vending any article* for or under them to give sufficient notice to the public that the same (*the article so made or vended*) is patented; either by fixing thereon (*on the article*) the word 'patented', together with the day and

year the patent was granted; or when, from the character of the *article*, this cannot be done, by fixing to *it* (*the article*), or to the package wherein one or more of *them* is inclosed a label containing the like notice, and in any suit for infringement, by the party *failing so to mark*, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make, use, or *vend the article* so patented." (Parenthetical insertions and emphasis ours).

There is a mandatory part of the statute and a penalty part. These are clear.

The mandatory portion declares it to be "the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented *article* for or under them, to give sufficient notice to the public that the *same* is patented."

And it provides two alternative methods to be followed in giving the notice to the public; (1) "either by fixing *thereon* the word 'patented', together with the day and year the patent was granted"; or (2) "when, from the character of the *article* this cannot be done, by fixing to *it*, or to the package wherein one or more of *them* is inclosed, a label containing the like notice."

The penalty part of the statute deprives a plaintiff who has failed to give the prescribed notice to the public of the right to recover damages for infringement of the patent except upon certain conditions, the statute providing that "in any suit for infringement, *by the party failing so to mark*, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement and continued, after such notice, to make, use or vend the *article* so patented."

As will be observed, this section is applicable to three classes of persons, namely:

(1) To "patentees";

(2) To the "assigns and legal representatives" of the patentees; and

(3) To "all persons making or vending any patented article for or under them"; that is, licensees of either the patentees or their assigns or legal representatives;

and it provides that it shall be the duty of such persons to

> "give sufficient notice to the public that the *same* (*the article so made or vended*) is patented either by fixing *thereon* (*on the article*) the word '*patented*', together with the day and year the patent was granted; or when, from the character of the *article* (*the one manufactured and sold*), this cannot be done, by affixing to *it* (*the article*), or to the package wherein one or more of *them* (*the article*) is inclosed, a label containing the *like notice*;" etc. (Emphasis and parenthetical insertions ours.)

A careful reading of the foregoing statute will make it clear that it applies and can only apply to a *tangible thing*, that is to say, the thing which has been *made* or *vended;* otherwise, words subsequently used in the Section have no antecedent and are meaningless. In other words, the plain language of the statute is that notice shall only be given where the "patented article" *is* "made or vended".

It is particularly to be observed that the duty to the public which the statute places upon the three classes of persons mentioned therein is "to give sufficient notice to the public that the *same* is patented".

What is this thing, referred to in the words of the statute as "*the same*", as to which notice of its patenting must be given the public?

This word "*same*" has been held by this Court to mean the "patented article". In *Sessions* v. *Romadka,* 145 U. S. 29, in interpreting Section 4900 R. S., and in quoting from the section, it is said (p. 49):

> "'to give sufficient notice to the public that the same' (that is, the article) 'is patented',".

Obviously this word *"same"* can only sensibly refer back to the words *"patented article"* occurring earlier in the statute in the phrase "all persons making or vending any patented article for or under them"; and obviously also the patented article which this phrase describes is one which persons are *"making or vending"*, that is to say, it is a *tangible thing*, a thing which has been *made* or *vended*.

It would be absurd to say that the word "same" had reference to the noun "patentees".

It is significant, moreover, that the thing which is referred to in the statute by the words *"the same"* is also referred to therein by the word *"thereon"*; the words of the statute being "to give sufficient notice to the public that the *same* is patented; either by fixing *thereon* the word 'patented'" etc. Clearly, the only thing that can be appropriately described both by the words *"the same"* and the word *"thereon"* is an article having physical existence.

The only rational meaning of the statute, therefore, is that it is intended only to apply to some tangible thing, *i. e.*, a "patented article" which has been made or vended, because, obviously if the patented article is not being made or vended it cannot have fixed "thereon" the patent notice which this statute contemplates.

The alternative notice provided for by the statute is limited in the same way, because the language used is that no damages shall be recovered in any suit for infringement by the party "failing so to mark". Here the section presupposes existence of articles which could have been marked, namely, articles made or vended, and bars recovery only in the event that the party, who could thus have marked the article so made or vended, *failed* to do so. There cannot be a *failure* to mark unless there have been articles in existence susceptible of marking under the statute, and if the patentee or those claiming under him have never made the patented article, they certainly cannot be said to have *failed to mark it.*

Throughout the statute there runs the thought that there are tangible patented articles in existence. The public is to be notified that such articles are patented.

If the statute were interpreted to apply to "all patentees", manufacturing and non-manufacturing alike, it would read:

> "It shall be the duty of all patentees * * * to give sufficient notice to the public that the *same* is patented; either by fixing *thereon* the word 'patented', together with the day and year the patent was granted", etc.,

and in such case the word "same" has no antecedent.

The result would be similar if the statute were interpreted to apply to all "assigns and legal representatives" of patentees.

It is especially to be observed that Section 4900 R. S. provides for the giving of two notices, one to the *public* and the other to an *infringer*. The notice to the *public*, since it is required to be given by marking a tangible patented article, can only be given by a *manufacturing* patentee. The notice to an *infringer* is required to be given only in the event of a *failure* to mark the patented article. The two notices are related; the necessity of giving the actual notice to an infringer is dependent upon the failure to mark an article which *has* been made, that is to say, the necessity of giving it arises only upon a *failure* to notify the *public* that a patented article which *has* been made or vended is patented. This failure, therefore, is not a failure to *manufacture* but a failure, in case of manufacture, to give *notice* to the *public* by marking the article "patented", that is, a failure "to mark."

The statute does not require a non-manufacturing patentee to give any notice whatsoever *to the public* as to the existence of his patent, and as the giving of notice *to an infringer* is only required of him who fails to comply with the provisions of the statute respecting notice to the *public*, the statute does not require a non-manufacturing patentee to give notice to an infringer.

The meaning of the statute is plain. It requires the plaintiff patentee, "if he makes or sells the article patented," to notify the public that the patented articles made by or for him, or his licensee, are patented; and if he fails to do this he cannot recover damages until after he has notified the defendant of infringement; *Dunlap* v. *Schofield, supra.* If no patented articles have been made or sold, for or under the patentee, his assigns or legal representatives, there has been no obligation to notify the public that such non-existent articles are patented. There has been no duty to mark, no failure to mark, and, therefore, the obligation of giving an infringer actual notice of his infringement has not arisen.

In *Wagner* v. *Corn Products Refining Co.*, 28 F. (2d) 617, 618 (D. C. N. J.), referring to the meaning of terms used in Section 4900 R. S., it is said:

> "When the term 'all patentees,' in the existing act, is considered in connection with its immediate context, the futility of the defendant's contention is made manifest, for its application is limited to articles, or the containers thereof, which can be marked or labeled. This limitation does not point to a legislative purpose to include an invention incapable of being marked, and there is nothing in the clause following, declaring the consequences of failure to perform the enjoined duty, which calls for an interpretation that process patents are intended to be included. * * * The alternative notice to the infringer is only in the event that the party required to mark or label shall fail 'so to mark'. The word 'so' relates solely to the failure to mark the 'patented article,' or to label the package in which it is inclosed. It is the failure 'so to mark' that entails such consequences. But, if it is impossible to mark or label, where is the failure? The drastic consequence here imposed is not intended for those who cannot by any possibility perform the duty which this legislation requires, but for those only who could have performed and did not."

It seems obvious that Congress, in framing this section of the patent statutes, intended merely to protect the public against owners of patents who *made* or *vended* the patented article and *failed* to give notice to the public that said article was patented.[1] That this is so appears not only from the language of the statute itself, but from the fact that there are certain patent owners,—those who own *process* patents, which cover intangible things, which, of course, are incapable of being marked—who could not possibly comply with the provisions of the statute if it were intended to apply to all patentees indiscriminately.

Point II.

The purpose of Section 4900 R. S. is to prevent an unwitting infringement by a member of the public who, seeing an article bearing no mark indicating that it is patented, proceeds to make other specimens of it.

Section 4900 R. S. is not a statute concerned with providing a system for notifying the public of the issuance of letters patent. It is concerned with providing due notice to the public that articles made or sold under a patent are patented.

The purpose of this section of the statute is to prevent ignorant infringement and to protect the public against claims for damages by owners of patents who make or vend patented articles and fail to give notice to the public that they are patented. For the accomplishment of this purpose the statute provides for a notice whereby the public is warned that any article which bears upon it, or upon a label affixed to it, the word "patented", together with the date (or number) of a patent, is a patented article and is

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[1] Section 4901 R. S., which forbids *false* marking of *unpatented* articles, is intended to prevent injury to the public through false marking to mislead persons into an opinion that they have no right to make other specimens of the thing falsely marked as being patented. It is complemental to Section 4900 R. S., which, by requiring that a patented article shall be marked, gives the public notice that other specimens of the thing marked as being patented cannot freely be made.

made under the protection of a particular patent whose date (or number) is given.

The requirement of the statute that the notice shall be *fixed* to the article, either directly or by means of a label, is significant of the purpose of the statute and that it is to inform the public that the *article* is patented. The article itself communicates to the public such knowledge as enables them to make and use it, and there could be no need for referring the public back to the patent for that information. The requirement that the notice shall be *fixed* to the *article* therefore indicates that the notice is for the purpose of conveying to the public some information in respect to the article which, apart from the notice, the article itself does not communicate. That additional information is and can only be that the article is patented.

In Robinson on Patents, Vol. III, Section 902, the underlying purpose of Section 4900 R. S. is well set forth as follows:

> "To guard as far as possible, however, against an ignorant infringement, the law imposes on the patentee the obligation of notifying the public of his claims at the same time that he informs them of the existence and the mode of practising his invention. In the case of an art this is sufficiently accomplished by the patent itself, since without recourse to the specification, or to some one who had learned the art therefrom or from the inventor, the public could not gain the knowledge necessary to its use. But in the case of a patented article the article itself, being permanent and susceptible of examination, discloses its own nature, and being found in open market communicates to the public such knowledge as enables them to make and use it, and may thus be manufactured, used, and sold by others without any intimation of the exclusive privileges of the patentee. In reference to the patented articles, therefore, the law provides that notice of the inventor's claims shall be given to the public by stamping the word 'patented' with the date of the patent upon each article itself or on the package which contains it; and that upon his failure so to do the own-

er of the patent shall not recover substantial damages for its infringement against any person who was not otherwise actually notified of the existence of the patent and his own violation of its claims."

The purpose of Section 4900 R. S. is fully accomplished if patented articles which *are* being made or vended are marked with the notice of patenting the law prescribes.

(*a*) *It is not necessary to manufacture a patented article and mark it patented in order to give notice to the public of the issue and existence of the patent for the article.*

The public is notified of the existence of all patents by virtue of their issuance and recordation in the Patent Office.

It is provided by Section 4883 R. S. (U. S. C., Title 35, Section 39) that "All patents shall be issued in the name of the United States of America, under the seal of the Patent Office, * * * and shall be recorded, together with the specifications, in the Patent Office in books to be kept for that purpose."

This Court has held that letters patent thus recorded, with their specifications, in the Patent Office, are "a record which is notice to all the world"; *Sessions* v. *Romadka,* 145 U. S. 29, 50, 36 L. Ed. 609, 617. It has pointed out that letters patent are public records and that "All persons are bound to take notice of their contents"; *Boyden* v. *Burke,* 14 How. 575, 582, 14 L. Ed. 548, 551.

The record of a patent, like that of every other instrument which the law requires to be recorded, is constructive notice to the public of its contents. After the patent is recorded its specifications and drawings are open to public inspection in the Patent Office. The recordation is for the benefit of the public, and cannot be dispensed with and the patent kept secret.

No notice to the public of the existence and contents of letters patent which is better or more adequate than the

recordation of patents in the Patent Office can conceivably be given.

There is no need to manufacture and sell patented articles in order to notify the public of the existence of letters patent.

Point III.

It can not properly be said that the statutory duty to MARK a patented article necessarily implies a duty to MANUFACTURE the article. Section 4900 R. S. therefore has no application to a patentee who does not manufacture.

(a) *By the fair and natural meaning of its words, the statute imposes no duty to* **manufacture** *a patented article, nor imposes any penalty for failure to manufacture.*

The *duty* imposed by the statute is expressed in these words:

> "It shall be the duty * * * to give sufficient notice * * * that the same is patented * * * by fixing thereon the word 'patented' * * *".

Likewise, the words of this statute impose no penalty for failure to *manufacture*, but only for failure to *mark* a patented article. The words of the *penalty* clause of the statute are:

> "and in any suit for infringement by the party failing so to *mark* no damages shall be recovered by the plaintiff * * *".

The only basis on which Section 4900 R. S. can be construed as applicable, when no articles have been made or sold under a patent, is that the phrase "fixing thereon (on the article) the word 'patented' ", describing the duty of the patentee, means that there must be *manufacture* as well as marking under the patent; or that the phrase "the party failing so to mark", in the penalty clause, refers not merely

to failure to *mark* articles made or sold, but means failure to *manufacture* and mark.

Such a strained construction should not be adopted. It renders the statute inconsistent with a long established policy of Congress in dealing with patents for inventions, is not required by the purpose of the statute, is contrary to the intent of Congress in enacting the section, and violates sound principles of construction.

(b) The policy of Congress in dealing with patents has been not to require the manufacture of patented articles. Section 4900 R. S. should be interpreted in harmony with that policy.

Except as against aliens, in the Act of July 13, 1832 (4 Stat. L. 577; repealed July 4, 1836), it has never been the policy of Congress in dealing with patents to condition the enjoyment of the rights granted thereby upon a requirement that the patented invention be manufactured. *Continental Paper Bag Co.* v. *Eastern Paper Bag Co.*, 210 U. S. 405, 429; 52 L. Ed. 1122, 1133.

An interpretation of Section 4900 R. S. which would place upon a patentee the duty of *manufacturing* a patented article, in order that he might mark it and thus preserve his right to recover damages accruing before discovery of the infringement and notification of the infringer, is not consonant with that policy. It should not be adopted unless demanded by the plain import of the words of the statute.

(c) The right to recover damages for infringement is given by Sections 4919 and 4921 of the Revised Statutes. Being in derogation of that right, Section 4900 R. S. should be strictly construed; and the phrase "failing so to mark", appearing in the penalty clause, should not be interpreted as if it read "failing so to manufacture and mark."

The right to recover damages in a suit for infringement of a patent is given by Sections 4919 and 4921 of the Revised Statutes (35 U. S. C. 67, 70).

Section 4919 provides, in respect to an action at law, that "Damages for the infringement of any patent may be recovered by action on the case, in the name of the party interested either as patentee, assignee, or grantee." And in respect to a suit in equity Section 4921 provides that "upon a decree being entered in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby . . . ."

The restriction which Section 4900 R. S. places on the right to recover damages, given by Sections 4919 and 4921, is in the nature of a penalty and, in the words of the statute, is limited to be imposed on a plaintiff "failing so to mark." The words "failing so to mark" should not be interpreted as if they read "failing so to manufacture and mark", in order thus to subject persons not clearly within the terms of the statute to the penalty the statute imposes.

Unless a patentee has made a patented article the duty to mark it "patented" does not arise; and if there is no duty to mark, it cannot properly be said that there has been a failure to mark.

Section 4900 R. S., being in derogation of the right to recover damages given by Sections 4919 and 4921 of the Revised Statutes, should be interpreted to exclude from its scope any person not plainly specified by its terms.

(d) Many patentees cannot lawfully manufacture articles patented to them without first obtaining a license under some patent owned by another. Therefore if Section 4900 R. S. applies to patentees failing to manufacture and mark, many patentees will be deprived of the right to recover any damages except such as accrue after the infringer has been

discovered and notified, unless they themselves manufacture the articles patented to them in disregard of the patents of other patentees.

Most patents are for improvements on other patented inventions; and the things for which they are granted are covered by patents owned by others. If the patent for the improvement is subject to a dominant patent, the patentee of the improvement patent, if he would manufacture the article patented to him, must first obtain a license under the dominant patent.

But the patent laws of the United States contain no provision for compelling the grant of a license under a patent; and, therefore, to interpret Section 4900 R. S. in such manner that patentees, unless they *manufacture* and mark the articles patented to them, must suffer loss of damages for infringement of their patents committed prior to the discovery of the infringement and notification of the infringer, would, in many instances, compel patentees to commit acts of infringement in order to preserve undiminished the right to recover damages for infringement of their patents.

An interpretation of Section 4900 R. S. tending to induce infringing acts should not be adopted unless the language of the statute clearly compels it.

(e) *To interpret Section 4900 R. S. as limiting the damages for infringement recoverable by a non-manufacturing patentee solely to those accruing after the infringer has been actually notified of the patent and his infringement, would encourage and place a premium upon infringement.*

Such an interpretation of Section 4900 R. S. (as above expressed and as the Court below adopted) would permit patents to be infringed with impunity and without any danger of an accounting for the infringing articles made, used or sold prior to actual notice. In many cases infringement might be carried on for years and possibly through-

out the entire life of the patent without being discovered by the patentee. Surely, such a condition was not intended by Congress in the framing of Section 4900 R. S., and the statute should not be interpreted to make it possible.

Point IV.

A comparison of the language of Section 4900 R. S. with the language of Section 13 of the Patent Act of 1861, antecedently in force, indicates that the two statutes are identical in purpose and meaning.

The Revised Statutes were primarily a codification of all the statutes of the United States of a general and permanent nature then in force and are not lightly to be read as making a change; *United States* v. *Sischo,* 262 U. S. 165, 168, 67 L. Ed. 925,927. Unless the phraseology requires it, which is not the case with respect to Section 4900 R. S., the Revised Statutes should not be construed to work a change in the antecedently existing law; *United States* v. *Bowen,* 100 U. S. 508, 513, 25 L. Ed. 631, 632.

Section 4900 R. S. is obviously an attempted restatement of the law respecting the "marking" of patented articles which was in force at the time of the simplification and consolidation of the laws of the United States into the Revised Statutes. The law on this subject existing at that time was Section 13 of the Patent Act of March 2, 1861 (12 Stat. L. 246) which was expressly limited to "cases where an article *is* made or vended".

Below is set out in parallel columns, in order that they may be readily compared, Section 4900 R. S. and Section 13 of the Act of 1861. A comparison of these two statutes shows an evident intention to recast the language of Section 13 of the Act of 1861 without changing its substance.

Section 4900 R. S.	Section 13 of Act of 1861.
"It shall be the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them	"In all cases where an article is made or vended by any person under the protection of letters-patent, it shall be the duty of such person
to give sufficient notice to the public that the same is patented; either by fixing thereon the word 'patented,' together with the day and year the patent was granted; or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice;	to give sufficient notice to the public that said article is so patented, either by fixing thereon the word 'patented,' together with the day and year the patent was granted; or when, from the character of the article patented, that may be impracticable, by enveloping one or more of the said articles, and affixing a label to the package or otherwise attaching thereto a label on which the notice, with the date, is printed;
and in any suit for infringement by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice to make, use, or vend the article so patented."	on failure of which, in any suit for infringement of letters-patent by the party failing so to mark the article the right to which is infringed upon, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued after such notice to make or vend the article patented".

Point V.

The legislative history of Section 4900 R. S. shows that Congress intended the antecedently existing law to remain unchanged in substance, and, therefore, did not intend the statute to apply to patentees who did not make or vend a patented article.

In ascertaining legislative purpose, the Courts may examine the source in previous legislative provisions in question. *U. S.* v. *Katz,* 271 U. S. 354, 40 S. Ct. 513. See also *U. S.* v. *Bowen,* 100 U. S. 508; *U. S.* v. *St. Paul M. & M. Railway Co.,* 247 U. S. 310, 38 S. Ct. 525, and *Takao Ozawa* v. *U. S.,* 260 U. S. 178, 43 S. Ct. 65.

(1) Under the Act of Congress of June 27, 1866 (14 Stat. L. 74, v. 1)[1] authority was given for the appointment by the President, with the advice and consent of the Senate, of three commissioners "to revise, simplify, arrange, and consolidate all statutes of the United States, general and permanent in their nature, in force at the time such commissioners, may make the final report of their doings" (Sec. 1). The work of the Commissioners of Revision continued until the Revised Statutes were enacted in 1874.

(2) At the time of the Act of 1866 providing for the Commissioners of Revision, the statute in force respecting the "marking" of patented articles was Section 13 of the Act of March 2, 1861 (12 Stat. L. 249)[2], which provided that "where an article *is* made or vended by any person under the protection of letters-patent", it was the duty of such person to mark it "patented".

(3) Subsequent to the Act of 1866 authorizing and fixing the duties of the Commissioners of Revision, but before the enactment of the Revised Statutes, Congress passed the

[1] Sections 1 to 4 of this act appear in the appendix at pages 41 and 42.

[2] This section (13) of the Act of March 2, 1861, ch. 88, § 13 (12 Stat. L. 249) is printed at page 42 of the appendix.

Consolidated Patent Act of 1870[1] which contained, as Section 38, a provision[2] respecting the marking of patented articles which is in the identical language that later became Section 4900 of the Revised Statutes.

The bill which became the Patent Act of 1870 was introduced at the Second Session of the 41st Congress on April 7, 1870, as House of Representatives Bill No. 1714.[3] Printed on the first page of the bill, above its title, was the notation:

> "Strike out the parts within [brackets] and insert the parts in *italics.*"

As introduced, this bill contained the following section, numbered "[37] 38," which was printed *without any words being italicized and with no* [brackets] except those in the first line enclosing the section number "37", as shown below:

> "Sec. [37] 38. It shall be the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented, either by fixing thereon the word 'patented,' together with the day and year the patent was granted; or when, from the character of the article, this cannot be done, by fixing to it or to the package wherein one or more of them is inclosed, a label containing the like notice; and in any suit for infringement by the party failing so to mark, no damage shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make or vend the article so patented."

In the right-hand margin of the text of this section of the bill the following "side-note" appeared:

> "Patented article to be marked.
>
> ---
>
> 2 Mar., 1861, ch. 88 § 13, v. 12, p. 249"

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[1] Act of July 8, 1870, ch. 230; 16 Stat. L. 198.

[2] Section 38 of the Act of 1870 (16 Stat. L. 203) is printed at page 43 of the appendix.

[3] This bill (H. R. 1714) in the form in which it was introduced is to be found in the House of Representatives Library.

This section of the bill was enacted in the form in which it was introduced, with the single exception that the word "use" was added so as to make the section conclude with the words "to make, *use* or vend the article so patented."

This bill was merely a step in the general consolidation and revision of the statutes under the direction of the Commissioners of Revision; and the language used in Section 38 was not intended to work any change in the law as expressed in Section 13 of the Act of 1861 then in force. This appears from the statement of Mr. Jenckes, Chairman of the House Committee on Patents, when reporting this bill (H. R. 1714) to the House of Representatives on April 14, 1870.[1] Mr. Jenckes stated that the bill he was reporting from the Committee on Patents was "based upon the revision of the laws relating to patents and copyrights made by the Commissioners of Revision" and that "that revisal of these particular statutes was reported to this House early in this Congress and referred by the House to the Committee on the Revision of the Laws of the United States"; and that "it was examined by that committee and was found to embody all the provisions of existing law"; and that the Committee on the Revision of the Laws" subsequently reported it to the House and recommended that it be referred to the Committee on Patents."[2]

Explaining the significance of the form in which the bill was printed, with some words enclosed by brackets and others in italics, Mr. Jenckes said:[3]

> "*The bill is so printed as to show the law exactly as it now is,* in the form in which it came from the hands of the commissioners of revision. *Every provision which is now in force has been printed at length* in the bill, although it is proposed to strike out by way of amendment many of them. All those which it is proposed to strike out are printed, and the *amendments,*

[1] Congressional Globe, Vol. 43, Part 5, pp. 2679-2684.

[2] Congressional Globe, Vol. 43, Part 5, pp. 2679-2680; see appendix, pp. 43-45.

[3] Congressional Globe, Vol. 43, Part 5, p. 2680; see appendix, p. 44.

> many of which are substitutes for the parts proposed to be omitted, *are also printed separately, and in italics, so that they may be clearly distinguished from the law as it now is.*" (Emphasis ours.)

It thus appears, both from the fact that the section of the bill (H. R. 1714) which became Section 38 of the Consolidated Patent Act of 1870 contained, when introduced, no words enclosed in brackets, nor any words printed in italics, as well as from the statement of the chairman of the Committee on Patents when reporting the bill, that Congress in passing Section 38 did not intend to change the substantive law on the "marking" of patented articles then in force; and it is clear that the change in the phraseology from Section 13 of the Act of 1861 to that of Section 38 of the Act of 1870 merely represented a restatement, by the Commissioners on Revision, of the law as expressed in Section 13 of the then existing Act of 1861, which, it is to be noted, was specifically limited to "cases where an article *is* made or vended".

In addition to the foregoing, further facts indicating that Section 38 of the Act of 1870 (Section 4900 R. S.) was not intended by Congress to modify the law as expressed in Section 13 of the Act of 1861, are:

> (a) The marginal side-note of Section 38, namely, "2 Mar. 1861, ch. 88 § 13, v. 12, p. 249", is a reference to Section 13 of the Act of 1861; and the Act of 1866 for revision of the laws placed upon the Commissioners of Revision, the duty to provide "side-notes" giving "references to the original text from which each section is compiled."[1]
>
> (b) In both the first and second editions of the Revised Statutes the marginal side-note of Section 4900 R. S. cites, as decisions explaining the section, *Rubber Co.* v. *Goodyear*, 9 Wall. 788; and *Goodyear* v. *Allyn*, 6 Blatch. 33. In both of these cases there had been no making or vending of the patented article; and both cases were decided under the 13th Section of the

[1] See section 2 of Act of 1866, appendix, p. 41.

Act of March 2, 1861, which is expressly limited in its application to "cases where an article is made or vended". Under the Act of 1866 it was the duty of the Commissioners of Revision to cite, as side-notes, "decisions of the federal courts explaining or expounding" the law.[1]

Of the two possible interpretations of Section 4900 R. S., the one that should be adopted is that which is in harmony with the intent of Congress, which was, as the legislative history of the statute discloses, merely to provide that in case the patentee *did* make or vend the patented article and failed to fix upon it the required statutory "notice to the public that the same is patented", he should give actual notice of the patent to the infringer before damages for infringement could be recovered.

Point VI.

The decision of the Court below is in apparent conflict with the interpretation placed on Section 4900 R. S. by this Court; and the decided cases exhibit a diversity of opinion respecting the interpretation to be given the statute.

The Court below has held that Section 4900 R. S. applies to all patentees "whether they do or do not make or vend the article" and that, therefore, it "requires the patentee or his assigns who does not make or vend the article to give notice of the patent and limits the recovery for infringement thereof to damages sustained thereafter" (77 F. (2d) 159, 161).

Such interpretation of the statute is in apparent conflict with the interpretation given by this Court in *Dunlap* v. *Schofield*, 152 U. S. 244, where, at pages 247-248, it is said:

"The clear meaning of this section is that the patentee or his assignee, *if he makes or sells the article*

[1] See section 2 of Act of 1866, appendix, p. 41.

> *patented,* cannot recover damages against infringers of the patent, unless he has given notice of his right, either to the whole public by marking his article 'patented,' or to the particular defendants by informing them of his patent and of their infringement of it." (Emphasis ours.)

As the Court below has noted, however, the facts of the *Dunlap* case did not require an application of the statute to the present question, as there the plaintiff had manufactured under the patent.

Dunlap v. *Schofield* has been cited in support of the holding that Section 4900 R. S. *does not apply* where there has been no making or vending under the patent, in the following cases:

> *Campbell* v. *Mayor of New York* (S. D. N. Y.), 81 F. 182;
> *Ewart* v. *Baldwin Co.* (Dist. Mass.), 91 F. 262;
> *Wagner* v. *Corn Products Refining Co.* (Dist. N. J.), 28 F. (2d) 617;
> *Van Meter v. United States* (Dist. N. Y.), 37 F. (2d), 111, 113;
> *Olsson* v. *United States,* 72 Ct. Clms., 72, 9 Pat. Q. 111; new trial denied, 72 Ct. Clms. 103, 11 Pat. Q. 13.

The case last cited (except for the case at bar) is the latest pronouncement on the subject. In its decision the Court of Claims said:

> "The clear meaning of § 4900 R. S., is that if the patented articles are *made* and *sold,* and not marked as required, the patentee or his assignee cannot recover damages against the infringers of the patent. *The consequence imposed by this section is not intended for those who cannot perform the duty required because there has been no manufacture or sale of the article, but for those only who could have performed it and did not.*"

In *Wagner* v. *Corn Products Co., supra,* the Court said (p. 618):

> "As to the public, the notice to be given is by fixing on the 'patented article' the word 'Patented' and the date the patent was granted, 'or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is enclosed, a label containing the like notice.' As to the individual, if the 'patented article' is neither marked nor labeled, the infringer cannot be held liable in damages for his infringement, unless he continues 'to make, use, or vend the article so patented' after he has been 'notified of the infringement.'"

After referring to the change in the wording of the Patent Act of 1861 to its present form, the Court continuing said (p. 618):

> "However, defendant contends that section 38 of the 1870 act, now carried forward (with amendments not affecting the present question) as section 4900 R. S., includes process patents as well as articles not made or vended by the patentee. It is doubtful whether the changed phraseology, describing the persons upon whom the duty to mark and label was imposed, affects any legislative change whatever in that regard. See Dunlap v. Schofield, 152 U. S. 244, 247, 248, 14 S. Ct. 576, 38 L. Ed. 426. However, it is clear that section 4900, as well as its predecessors, imposing the duty to give notice, constructive or actual, *is limited to tangible things, viz. 'patented articles'—things that can be marked or labeled.*" (Emphasis ours.)

It has been decided in the following cases that Section 4900 R. S. does not apply to a process patent, since the process is not susceptible of marking:

Carnegie Steel Co. v. *U. S. Mitis Co.*, 90 F. 829 (C. C. A. 3), affirming *U. S. Mitis Co.* v. *Carnegie Steel Co.*, 89 F. 206;

U. S. Mitis Co. v. *Midvale Steel Co.*, 135 F. 103 (E. D. Pa.);

Wagner v. *Corn Products Refining Co.*, 28 F. (2d) 617 (Dist. N. J.).

There are two cases, *Parker Rust Proof Co.* v. *Ford Motor Co.*, 23 F. (2d) 502 (S. D. E. D. Mich.) and *Churchward International Steel Co.* v. *Bethlehem Steel Co.*, 262 F. 438 (E. D. Pa.), which are sometimes cited as holding that Section 4900 R. S. does apply to process patents. Neither of those cases, however, involved process claims. In the *Parker Rust Proof* case the four claims which were involved (see 6 F. (2d) 649, 651) were, respectively, for a "compound", a "solution or composition", a "protective covering" and an "iron or steel article". The patents in suit in the *Churchward* case, as reference to the decision of the Court of Appeals (268 F. 361) shows, were for products (certain alloys) and not for processes.

It would seem that in respect to the application of the statute thereto, process patents are analogous to article patents under which there has been no making or vending, for in neither case is there any *tangible thing* susceptible of being marked "Patented".

In addition to the decision of the Court of Appeals in the instant case, the following cases have been found holding that Section 4900 R. S. applies to all patentees regardless of whether the patented articles have ever been made or sold under the patent:

Churchward International Steel Co. v. *Bethlehem Steel Co.*, 262 F. 438 (E. D. Pa.);
Son v. *Pressed Steel Car Co.*, 21 F. (2d) 528 (S. D. N. Y.); and
Van Meter v. *United States*, 47 F. (2d) 192 (C. C. A. 2d).

See also:

Flat Slab Patents Co. v. *Northwestern Glass Co.*, 281 F. 51 (C. C. A. 8th).

The *Churchward* case was decided by Judge Dickinson of the Eastern District of Pennsylvania and reversed by

the Court of Appeals for the Third Circuit on other grounds (268 F. 361). He states (p. 443) that the statute "applies to all patentees, and is not limited to those who make and vend patented articles", but he fails to observe that recovery of damages is not barred in every suit for infringement, where the defendant was not duly notified, but only when the defendant is under an *obligation to mark* (*i. e.* when the patented articles are being made or vended) and has *failed to mark* the patented articles. No authority is cited in the opinion in support of his ruling.

The case of *Son* v. *Pressed Steel Car Co.*, was decided by Judge Thacher of the Southern District of New York. He relied upon the *Churchward* case and the *Flat Slab* case, and also upon *American Caramel Co.* v. *Thomas Mills & Brother,* 162 F. 147, a decision by the Court of Appeals for the Third Circuit, which is not in point. It appears from the opinion in the *American Caramel Company* case[1] that the plaintiff had *made* the patented machines and *used* them in its own business, and had *failed to mark* the machines so made. That was not the situation in the *Son* case nor is it the situation here under consideration. In the *Son* case, as well as in the instant case, there was no making or vending of the patented article.

In *Van Meter* v. *United States,* 47 F. (2d) 192, there had been no articles made under the patent (see 37 F. (2) 111, 113), which was for parachute apparatus. The Circuit Court of Appeals for the Second Circuit held that the plaintiff could not recover damages for the period prior to the notice of infringement. The case was decided on the authority of the *American Caramel Co.* case, in which case plaintiff had made the patented machines and had failed to mark the machines so made, a situation not justifying its acceptance by the Court of Appeals for the Second Circuit as authority for the holding that (p. 196)

[1] See also the lower court decision in this case reported in 138 F. 142; and also the former decision of the Court of Appeals in the same case, reported in 149 F. 743.

"The inventor who does not manufacture must give notice of infringement".

The *Flat Slab* case was decided by the Circuit Court of Appeals for the Eighth Circuit on the authority of Judge Dickinson's opinion in the *Churchward* case. However, in this case it appeared that, while the patentee himself had not manufactured or sold the patented structure, a large number of licenses had been granted and many licensees had paid royalties for buildings constructed and used under the patent. In this connection, the Circuit Court of Appeals for the Eighth Circuit, after discussing many cases and referring particularly to the decision of Judge Putnam in *Ewart Manufacturing Co.* v. *Baldwin Cycle Chain Co.*, 91 F. 262, said (p. 54):

> "The case that Judge Putnam was considering was one where the patentee had not licensed any person to make, use or sell the patented article under patent No. 237,771. The uncontradicted evidence of the case at bar shows that the plaintiff had issued a number of licenses under its patent and that many licensees had paid royalties for buildings constructed and used. So Judge Putnam's decision would not control the present case, because the facts are not the same."

While the *Flat Slab* case has been referred to (*Son* v. *Pressed Steel Car Co.*, 21 F. (2d) 528, S. D. N. Y.) as authoritatively holding that Section 4900 R. S. applies to all patents, whether manufactured under or not, it is clear from the foregoing that the decision cannot be so interpreted. The decision of Judge Putnam from which Judge Carland distinguishes the *Flat Slab Patents Co.* case is the case of *Ewart Co.* v. *Baldwin Co., supra,* wherein the plaintiff never made, used or sold or licensed anyone else to make, use or sell devices under the patent, and in which Judge Putnam, after referring to *Dunlap* v. *Schofield, supra,* and *Coupe* v. *Royer,* 155 U. S. 565, said:

> "There is nothing in the phraseology of the statute, as well as no expression in the opinions of the Supreme

Court referred to, which will enable us to apply to circumstances like those at bar, *under which the patent has lain absolutely dormant,* a requirement in reference to marking patented articles, which, under those circumstances, becomes physically impossible."

It will be noted that Judge Carland, in the *Flat Slab* case does not disapprove the finding of Judge Putnam in the above-mentioned case, but distinguishes the circumstances of the *Flat Slab Patents* case therefrom by stating that in the latter licenses were granted under the patent and that buildings were constructed thereunder and used. Therefore, the *Flat Slab Patents* case is merely authority for holding that Section 4900 R. S. applies *where licenses have been granted and articles made thereunder.*

There is one other case, *American Ornamental Bottle Corp.* v. *Orange-Crush Co.,* 78 F. (2d) 969, to which attention may be directed. In that case the Circuit Court of Appeals for the Fourth Circuit held (p. 970) that Section 4900 R. S. was not applicable to a case in which "the infringer was so well aware, from the beginning of the impropriety of its acts that the provision for formal notice under the statute can have no application".

Point VII.

The findings of the District Court were proper with respect to allowance of total profit and refusal to allow overhead deduction.

Re Total Profit Recovery: Respondent contended for an apportionment of profits due to the infringing device including features patented to it.

Petitioner contended that inasmuch as the proofs showed the infringing sales were due solely to the presence in the device of the features covered by its patent, and that the sales would not have been made if the infringing structure had not included such features, and further that petitioner had the first refusal of the sale in question at

respondent's price; it (petitioner) was entitled to all the profits made by reason of the infringing sales.

Respondent did not show that its patents contributed to the profits. On the contrary, the proofs show that the respondent submitted two door lock devices for hopper cars to Baltimore & Ohio Railroad Company, both the same, except that one included the feature of Kadel patent No. 1,434,953 in suit; and that the Baltimore & Ohio Company refused the first design and only gave its order for the second design (the infringing structure here involved) because it included the infringing feature (R. 183, 189).

In relation to this, the Master found (R. 21) as follows:

> "It appears that the plaintiff and defendant here were the only active bidders for this business. The plaintiff (respondent) had been using the single step latch, and defendant (petitioner) was the only other bidder putting out a latch of the double step type. Apparently the railroad company was desirous of changing from the expensive door-raising mechanism it had been using on its dump cars to those of a latch type; that it wanted the double step type, such as alone put out at that time by the Wine Company; that the Enterprise Company, to secure the order, changed its single step lock to a double step construction; that the Wine Company had the first refusal of the B. & O. order at a price set by the B. & O. and that the Enterprise Company, after the refusal of the Wine Company, accepted the order at the price offered, and that in all probability the Wine Company would have received the order had it not been under-bid by the Enterprise Company."

In confirming the Master in this respect, the District Court held (R. 167):

> "Both parties offered the railway company devices, equally satisfacory to it, except in the feature of locking—to put this matter in an aspect most favorable to the plaintiff. Indeed, the inference is strongly indicated that the purchaser would have preferred the

> Wine device at the price offered by the plaintiff, wherefore the thought that some patented feature in the complete structure, and under the exclusive control of plaintiff, influenced the latter's contract has no logical basis."

In this connection see particularly the testimony of Mr. Campbell, president of Enterprise Company, respondent herein (R. 187, 188, 200 and 203). See also findings of fact of the District Court, Nos. 1 to 9, beginning at page 169 of the record, and the opinion of the Court below (R. 227, 228).

Re Refusal to Allow Overhead Deduction: Respondent contended it was entitled to a 33 1/3% deduction for "overhead". Petitioner contended that inasmuch as the infringing transacton was merely an incident to the regular business (R. 183) of respondent, and that it farmed out the manufacture of the infringing device, with no use of its operative structure save in the manner of correspondence (R. 189) there was no opportunity here for application of overhead percentage to diminish profits, and that respondent was therefore not entitled to such deduction.

In this matter the Master found (R. 19):

> "Mr. Campbell, president of the plaintiff company (respondent) states that the infringing transactions were merely an incident to the regular business of the plaintiff company. No details are given to show how the 33 1/3 per cent overhead claimed in these statements is arrived at, or the items that go to make it up."

For Mr. Campbell's testimony in this respect see record, page 183.

In confirming the Master's findings in this respect, the District Court made the following specific finding (R. 171):

> "Considering that plaintiff (respondent) farmed out the manufaeture of the infringing device, with no use

> of its operative structure save in the manner of correspondence, and that the infringing transaction was merely an incident to plaintiff's (respondent's) regular business, there is no opportunity here for application of overhead percentage to diminish profits, and plaintiff, therefore, is not entitled to a deduction for overhead."

And on this point see also the opinion of the District Court (R. 228).

CONCLUSION.

It is apparent that Section 4900 R. S. applies only in case patented articles have been made or vended under the patent in suit, and that it has no application to the present case, wherein no patented articles were made or vended under the patent sued upon.

In holding that Section 4900 R. S. requires a patentee who does not make or vend the patented article to give actual notice of his patent to the infringer and limits recovery for infringement to damages sustained thereafter, the Court of Appeals for the Sixth Circuit erroneously interpreted the statute. Its decree limiting the petitioner's recovery to the profits derived by the respondent after notice was given should, therefore, be modified and the petitioner should be decreed the profits derived by the respondent before as well as after the giving of notice.

It is respectfully prayed that the decree entered herein by the Circuit Court of Appeals be corrected.

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APPENDIX.

Act of June 27, 1866.

Statutes at Large, Chapter 140, v. 1, p. 74
(14 Stat. L. v. 1, 74)

"An Act to provide for the Revision and Consolidation of the Statute Laws of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States be, and he is hereby, authorized, by and with the advice and consent of the Senate, to appoint three persons, learned in the law, as commissioners, to revise, simplify, arrange, and consolidate all statutes of the United States, general and permanent in their nature, which shall be in force at the time such commissioners may make the final report of their doings.

Sec. 2. *And be it further enacted,* That, in performing this duty the commissioners shall bring together all statutes and parts of statutes which from similarity of subjects, ought to be brought together, omitting redundant or obsolete enactments, and making such alterations as may be necessary to reconcile the contradictions, supply the omissions, and amend the imperfections of the original text; and they shall arrange the same under titles, chapters, and sections, or other suitable divisions and sub-divisions, with head-notes briefly expressive of the matter contained in such divisions; also with side-notes, so drawn as to point to the contents of the text, and with references to the original text from which each section is compiled, and to the decisions of the federal courts, explaining or expounding the same, and also to such decisions of the State courts as they may deem expedient; and they shall provide by a temporary index, or other expedient means, for an easy reference to every portion of their report.

Sec. 3. *And be it further enacted,* That when the com-

missioners have completed the revision and consolidation of the statutes, as aforesaid, they shall cause a copy of the same, in print, to be submitted to Congress, that the statutes so revised and consolidated may be re-enacted, if Congress shall so determine; and at the same time they shall also suggest to Congress such contradictions, omissions, and imperfections as may appear in the original text, with the mode in which they have reconciled, supplied and amended the same; and they may also designate such statutes or parts of statutes as, in their judgment, ought to be repealed, with their reasons for such repeal.

Sec. 4. *And be it further enacted,* That the Commissioners shall be authorized to cause their work to be printed in parts, so fast as it may be ready for the press, and to distribute copies of the same to members of Congress, and to such other persons, in limited numbers, as they may see fit, for the purpose of obtaining their suggestions; and they shall, from time to time, report to Congress their progress and doings.

* * * * * * * * * *

Approved June 27, 1866."

(*Note:* Sections 5 and 6 relate respectively to the time for completion and to the expense of the work.)

Act of March 2, 1861, ch. 88, § 13; 12 Stat. L. 249.

"Sec. 13. *And be it further enacted,* That in all cases where an article is made or vended by any person under the protection of letters-patent, it shall be the duty of such person to give sufficient notice to the public that said article is so patented, either by fixing thereon the word 'patented', together with the day and year the patent was granted; or when, from the character of the article patented, that may be impracticable, by enveloping one or more of the said articles, and affixing a label to the package or otherwise attaching thereto a label on which the notice, with the date, is printed; on failure of which, in any suit for the infringement of

letters-patent by the party failing so to mark the article the right to which is infringed upon, no damage shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued after such notice to make or vend the article patented. And the sixth section of the act entitled 'An act in addition to an act to promote the progress of the useful arts,' and so forth, approved the twenty-ninth day of August, eighteen hundred and forty-two, be and the same is hereby repealed."

Act of July 8, 1870, ch. 230, § 38, 16 Stat. L. 203.

"Sec. 38. *And be it further enacted,* That it shall be the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented either by fixing thereon the word 'patented', together with the day and year the patent was granted; or when, from the character of the article, this cannot be done, by fixing to it or to the package wherein one or more of them is inclosed, a label containing the like notice; and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make, use or vend the article so patented."

Congressional Globe,

Vol. 43, Part 5, at pages 2679 and 2680.

"PATENT AND COPYRIGHT LAWS.

Mr. JENCKES, from the Committee on Patents, reported back with amendments, and with the recommendation that it do pass, the bill (H. R. No. 1714) to revise, consolidate, and amend the statutes relating to patents and copyrights.

Mr. JENCKES. Mr. Speaker, if the House will indulge me I think they will obtain a sufficient idea of what is proposed by this bill from a statement in explanation of its provisions without reading it in full.

The bill now reported from the Committee on Patents is based upon the revision of the laws relating to patents and copyrights made by the commissioners of revision appointed under the statute authorizing a revision of the laws of the United States. That revisal of these particular statutes was reported to this House early in this Congress and referred by the House to the Committee on the Revision of the Laws of the United States. It was examined by that committee and was found to embody all the provisions of existing law, in brief, clear, and precise language. They subsequently reported it to the House and recommended that it be referred to the Committee on Patents.

In prospect of this proposed revision, the Committee on Patents had already received numerous communications from those interested in the subject, and also numerous bills and petitions that had been filed in the House and referred to that committee, proposing various amendments to the existing laws. They had taken all these into consideration and invited the presence of persons interested in the different subjects to which the amendments were intended to apply, and encouraged discussion from those interested and from those learned in this branch of the laws upon those proposed amendments. They were heard at great length, and the committee were very careful to give a hearing, either orally or by written communication, to any and every person who supposed that there were defects in the existing laws which ought to be remedied, or who could make plain and clear the practice under the laws so as to secure more perfectly the rights which these laws were intended to protect. The result of all these hearings and discussions has been the adoption by the committee of certain propositions of amendment to these laws, which they have embodied in the bill now before the House.

The bill is so printed as to show the law exactly as it now is, in the form in which it came from the hands of the commissioners of revision. Every provision which is now in force has been printed at length in the bill, although it is proposed to strike out by way of amendment many of them. All those which it is

proposed to strike out are printed, and the amendments, many of which are substitutes for the parts proposed to be omitted, are also printed separately, and in italics, so that they may be clearly distinguished from the law as it now is. The House, therefore, now have before them in the reported bill the exact state of the law, those provisions of the law which it is recommended shall be dropped, and of the new provisions which shall be substituted in their place, and also of the minor amendments which are proposed to different parts of the bill. It can be seen, therefore, at once what has been the law, what is the law, in what respects the existing law is supposed to be defective, how that defect is proposed to be amended, and how the law will read if the amendment should be adopted.

Having thus stated the history of the bill, and the state in which it is presented to the House, I will consider the general provisions of the act, without at the present time going into details."